State of New Hampshire

State Government Energy Committee

Meeting Summary Notes

Committee Meeting

Monday, July 10, 2017

2:00 to 4:00 PM

Hearing Room A

NH Public Utilities Commission

Walker Building, 21 South Fruit Street, Concord, NH

Meeting Purpose:

Clarify applicability of vehicle fuel economy requirements; continue Renewable Energy Credit (REC) policy discussion; discuss ideas for energy improvements in non-State owned buildings.

Attendees:

Co-Chair: Robert Scott, NHDES

SGEC Members: Craig Bulkley (Liquor Commission); Arlene Allen (For Asst Commissioner Bill Cass, Dept. of Transportation); Heather Fairchild (For David Clapp, Bureau Chief, Dept. of Health & Human Services); Karen Cramton (Public Utilities Commission); Rick Fink (Fish & Game Dept.); Steven Lavoie (Dept. of Safety); Michael Housman (Dept. of Resources & Economic Development); Warren Perry (For Major General William Reddel, Adjutant General's Department);

Staff: Tim McDonald (NH National Guard); Matt Henry (NH National Guard); Tara Merrifield (Dept. of Admin Services); Chris Moore (Dept. of Admin Services); Rebecca Ohler (Dept. of Environmental Services); Deandra Perruccio (Public Utilities Commission); Karen Rantamaki (Dept. of Admin Services); Chris Skoglund (Dept. of Environmental Services); Liz Strachan (Dept. of Environmental Services)

Meeting Agenda:

1. **Welcome & Introductions** - *SGEC Co-Chair Robert Scott, NHDES*
2. **Approval of Summary Notes from July 10, 2017**

   Motion to approve was made and seconded.

   Passed with no discussion, objections, or abstains
3. **Continued discussion on RECs and options for the State** - *Rebecca Ohler, Technical Services Bureau Administrator, NHDES*

Rebecca Ohler (Technical Services Bureau Administrator, NHDES) presented on a report completed by staff entitled *Renewable Energy and Meeting New Hampshire's State Operations Energy Goals; Renewable Energy Certificates: Options and Impacts*. In order to evaluate how the RECs generated by the state-owned energy facilities should be treated, the report uses three high-level Objectives drawn from the language of *Executive Order 2016-03.* The Objectives were used to compare five options against a Business As Usual (BAU) case. Rebecca Ohler explained that the report is intended as a starting point for additional discussion and the staff is looking for direction from the SGEC as to which areas should be more thoroughly examined.

<u>Discussion</u>:

Arlene Allen (Compliance Supervisor and Energy Coordinator, Department of Transportation) asked when looking at energy use do we have a way to account for the differences attributed to heating degree days and supply left from previous winters. Chris Skoglund said that the staff has worked out a way to do this by taking into account the heating degree days and creating a three year rolling average, but the method is rather complicated and was not brought into this already complex topic.

Karen Cramton (Director, Sustainable Energy Division, Public Utilities Commission) explained that the "double dipping" explained in the presentation was only applicable to the Class I and II RECs which are generated from renewable electric sources such as solar arrays.

Steven Lavoie (Director of Administration, Department of Safety) asked if the renewable credits claimed by the utilities when the RECs are not claimed by the owner include just the excess generation or all of the electricity produced by the system. Karen Cramton said that it includes the full capacity of electricity produced. Deandra Perruccio (Energy Analyst, Public Utilities Commission) clarified that it is only electric systems that are connected to the grid and eligible for net-metering. Warren Perry (Deputy Adjutant General, Adjutant General's Department) asked if we are only talking about hundreds of dollars. Rebecca Ohler said yes, but looking forward as the state grows its renewable energy generation we should have a policy in place. Craig Bulkley (Legislative Liaison, Liquor Commission) asked how much does it cost to certify RECs. The staff conceded that the cost to certify the RECs is still unknown and would need to be explored further.

It was pointed out by Steven Lavoie that the way we currently report our energy usage is equivalent to the "certify and retire" option and the staff agreed to that comparison.

Steven Lavoie asked if it was an all or nothing on each of the options or could the State certify everything and then retire a certain percentage and sell a certain percentage? Staff agreed this was possible, but again the price of certifying and selling the RECs came up.

Karen Crampton went over the process of certifying RECs:

- First there is a one-time application to register the system. This would likely not incur additional cost, but would involve some personnel time to fill out the application form and submit it. Once the system is registered it is added to the New England Power Pool (NEPOOL) Generation Information System (GIS).

- An independent monitor is hired to read the meter on a quarterly basis to determine the energy produced. The monitor enters this information into the NEPOOL GIS. There is a cost associated with hiring the monitor.
- Every Quarter there is a trading period in which utilities buy RECs to conform to their Renewable Profile Standards (RPS). For smaller systems like the ones the State owns, an aggregator would be hired to group RECs together for sale during the trading period. The aggregator would likely take a percent of the sale.

Warren Perry asked if the RECs are like a commodity and therefore the costs change on a daily basis. Karen Crampton said that yes, the cost is based on supply and demand. The RPS sets the percent of renewable required and then the utilities need to buy RECs to make up for the percent they are not generating themselves. Karen Cramton indicated that yes it is a commodity, but it is a difficult market to predict.

Warren Perry asked if the staff could combine some of the options down to a few more flexible options instead of six very specific options.

Karen Cramton asked whether the staff should focus on what the State can do in the short term that doesn't' require legislative action.

Karan Rantamaki asked whether the staff should work on determining the cost of certifying and managing the RECs.

Chris Skoglund asked the group which of the objectives is most important, and perhaps the staff could focus their efforts by working on scenarios that would most affect that objective.

Heather Fairchild (Occupational Health & Safety Coordinator, Department of Health and Human Services) said that we don't' want to tie our hands by choosing one option and that the option chosen would likely depend on the situation. Perhaps the staff could come up with a flow chart indicating different scenarios (in the market, or in production) and which option would be better in order to create some flexibility. Karen Cramton agreed that a flow chart or different options for different scenarios is a great idea; however, relying on market trends would be complicated due to the timing of the market and the need to hire a monitor and aggregator.

Steven Lavoie asked whether the most important objective would depend on how many RECs were being created. If the State is producing the equivalent of $12,000 in RECS then lead by example if the most important objective. If ten years down the line, we are producing the equivalent of $150,000 in RECS then we might want to think about the other objectives and start selling more or reinvesting.

Chris Skoglund added that in situations where a Power Purchase Agreement (PPA) is a good option, which currently the state cannot do, it might be appropriate to sell the RECs if they make the project cost-effect. In that case the state could show its support for renewable energy, even if it couldn't claim the attributes. In cases where REC sales were not necessary to make projects cost effective, the state may wish to retire the RECs.

Tara Merrifield (State Fleet Manger, Department of Administrative Services) asked whether the State understands who owns the RECs (*i.e.*, does the agency in possession of the system own the REC or does the State Energy Office own the REC) and whether this is more important at this juncture and should be answered. All the options have pros and cons under different situations, perhaps there should be an expert to make the decisions for each system.

Warren Perry indicated that in the case where federal money is used to fund a system, any money from the sale of RECs generated from the system would need to go back to the federal government.

Karen Rantamaki said that we need to think about what it will take to manage the RECs.

Warren Perry stated that until there is more money being produced from the RECs the most important objective is lead-by-example. More important to say the State is being a good steward to mother earth. Warren Perry indicated that the Federal Government invests a lot of money (NOTE: confirming $ value with AGD) in renewables on military facilities in New Hampshire. He acknowledged that likely wasn't the case in some of the other departments.

4. **Support for using the MPG requirements for a 12-month period** (Action Item) – *Tara Merrifield, State Fleet Manager, DAS*

Tara Merrifield presented on the idea of using the miles per gallon (MPG) requirements that are set every fall by the SGEC to be applicable for a 12-month period instead of the model year as was done previously. This change would assist purchasing in getting their bids in and allow the agencies more time to purchase vehicles before the end of the state fiscal year in June.

Discussion:

Craig Bulkley asked if this would make it more user friendly to the agencies and Tara Merrifield said yes. Craig offered a motion to approve.

Rebecca Ohler indicated that in the past the staff had waited until September to put forth a recommended MPG requirement because EPA has typically published ratings in the Fall for the next model year's MPGs; however, in the past few years the rates have not been posted very quickly.

Heather Fairchild asked where the rule on MPG requirements is stated and Tara Merrifield said the Executive Order states that the SGEC needs to approve a rate by October 1.

Rebecca Ohler asked if Tara was asking for the current rate to be approved for another twelve months. Tara Merrifield said that she planned to ask for approval of the rate at a later date, but that all indications coming from the market indicate that the 38 MPG approved last time would still be a good requirement going forward. Looking at the list from this past year only one vehicle met the criteria.

Craig Bulkley made a motion to set the rate at 38 MPG and apply it to the next 12 months. Heather Fairchild seconded the motion.

Rebecca Ohler noted that we would be looking for a new rate in the June timeframe of next year.

A vote was held and the motion passed with no discussion, objections, or abstains.

5. Energy improvements in leased space – *Karen Rantamaki, Deputy Administrator, Division of Plant & Property Management*

Karen Rantamaki presented on the options available for energy improvements for State occupied leased space. A few different scenarios were put forth that are available for leased space and some funding that is not available for leased space.

Discussion:

Craig Bulkley presented a scenario where the liquor commission had a leased space with older lighting. The bulbs were very expensive to replace and replacing the whole system at once would have cost $40,000 at once but the payback would be quick based on the cost of maintenance of the old system. The rules indicated that since this was a leased space they wouldn't be able to use certain funds to pay for the replacement of the system when in the long run it would be much more cost efficient. Mr. Bulkley indicated that the system that prevented this type of project should be looked at and re-assessed. Karen Rantamaki said that any capital funds used could not be invested in a private property and that was unlikely to change. Craig Bulkley asked if operating funds could be used instead and Karen said that might be possible.

Steve Lavoie indicated that the Department of Safety is moving more and more towards leasing space. Currently they have short term leases, but the agency may move toward longer leases if these lease options work out. Based on this he indicated that the Department of Safety would support more options for these type of projects in leased spaces. Karen Rantamaki suggested that a variety of funding options be available depending on the scenario.

Heather Fairchild indicated that Health and Human Services leases a lot of space, but that in most cases they do not pay for utilities, which are worked into the lease. Tara Merrifield said that the staff discussed these types of situations, and staff is looking into options where working with the landlord to incorporate energy efficient systems would be a win for everyone. Craig Bulkley said that in most cases when the Liquor Commission is working with a landlord to open a new store they build energy efficiency systems into the lease from the beginning.

Karen Rantamaki stated that this year is the first year that the State will be tracking energy use in leased spaces so this is a good time to talk about making leased space more energy efficient.

6. Open Discussion

Chris Skoglund asked that members send any comments they have on the REC paper to him so that staff could work to make the document better. Arlene Allen said that she felt the document was very helpful to clarify the different issues. Warren Perry said that is was logical and flowed well.

Karen Cramton added that with new members it would be helpful to have a summary of the SGEC and their objectives to give to people who are just joining.

7. Updates

a. *State Energy Manager – Karen Rantamaki*

They have made an offer to a candidate for the Energy Manger position and they are hopeful the candidate will be able to start next month. The Energy Manger's office also lost its part-time database analyst, but they have posted the job and if anyone knows of a candidate please point them to it. An energy database training course is being held on Wednesday, so make sure your data entry staff are aware of it.

b. *State Fleet Manager – Tara Merrifield*

They are working on the electric vehicle equipment supply and plan to have more information in the future. Meeting with a contact out of an Electric vehicle supply company out of California when he is visiting the area soon. Don't forget to use the General Motor Pool. The cost is $0.41/mile, which is much less than what you would have to pay your employee to drive their own car.

c. *Legislative Update – Rebecca Ohler, Administrator, Technical Services Bureau, NHDES*

No updates at this time

8. Next Meeting

a. *Date: October 9, 2017*

b. *Location: NH Department of Transportation, 7 Hazen Drive, Concord*

c. *Topics: TBD*